



SCOTT FITZPATRICK MISSOURI STATE AUDITOR

City of Malden Investigative Summary

Summary of Significant Complaint(s) reported

The Missouri State Auditor's Office initiated a review at the request of the Mayor of the City of Malden after concerns were reported that city bank accounts may have been compromised in connection with an August 2024 phishing incident.

Background

The City of Malden is a 3rd class city located in Dunklin County. The city was incorporated in 1878 and had a population of 3,706 in 2020 according to the U.S. Census Bureau.

The phishing incident involved the former City Administrator who received an email on August 5, 2024, that appeared to be a legitimate invoice from a new vendor. She authorized a wire transfer of \$173,000 without independently verifying the payment request. On August 9, 2024, she discovered the payment had been sent to a fraudulent account and promptly notified the city's bank, the Mayor, the City Attorney, the Police Chief, and the City Treasurer. The incident was investigated by the Missouri Highway Patrol and the FBI, assisted by the Malden Department of Public Safety. The full \$173,000 was recovered, and the city did not incur a financial loss. The City Administrator left office in October 2025.

Methodology

Our investigation included a review of bank statements for 14 city bank accounts, credit activity of 2 credit card accounts with 10 cards issued to each account, purchase orders, receipts, bid documentation, and a review of deposit information from May 2025 through October 2025. We also reviewed City Council meeting minutes, the purchasing policy manual, and relevant news articles for the period August 2024 through October 2025.

Complaint Review

Phishing Incident and Administrative Actions

The former City Administrator did not verify the legitimacy of the request prior to sending payment in response to the phishing email. However, she appropriately notified city officials once she discovered the issue and the city was able to recover funds.

Bank Account Review

Our review of bank account activity noted the city did not always obtain informal bids as required and most of the city's 14 checking accounts showed little to no activity. The General Fund account displayed the most activity which was reviewed in detail. All reviewed transactions appeared legitimate and were supported by appropriate documentation, including refunds of deposits, public works project payments, and approved purchases such as audio equipment and police patrol car equipment. We noted some equipment purchases did not include documented informal bids, as required by city purchasing policy. According to city officials, they relied on previous established relationships with the vendors instead of soliciting bids for the specific project.

Credit Card Activity

Our review of credit card activity found no significant concerns with credit card use. Most purchases adhered to the city's purchasing procedures. We did note a small number of purchases for low-dollar purchases of routine items (office supplies, maintenance items, and travel expenses) were not supported by receipt slips. These exceptions do not suggest misuse or improper activity.

Conclusion

Our review identified no evidence of improper governmental activity or compromised city bank accounts beyond the initial phishing incident. The city did not suffer financial loss. Except for the lack of some documentation and one instance of noncompliance with bidding requirements, our review found the City of Malden maintains generally sound purchasing and financial controls. We will issue a closing letter recommending the city verify all payment requests before issuing funds, maintain complete purchasing and financial records, and follow city purchasing policy including obtaining bids when required.



SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

June 16, 2026

Denton Kooyman, Mayor
City of Malden
607 N Douglass St.
Malden, MO 63863

Dear Mayor Kooyman:

Thank you for providing the information previously requested by our office. This letter is to acknowledge the receipt of those documents, which were thoroughly reviewed.

Our review identified no evidence of improper governmental activity or compromised city bank accounts beyond the initial phishing incident. The phishing incident was due to lack of verifying a payment request before issuing funds. We did note city officials did not properly verify the payment request allowing the phishing incident to occur, some documentation to support expenditures was missing, and an instance of noncompliance with bidding requirements. We recommend the city verify all payment requests before issuing funds, maintain complete purchasing and financial records, and obtain bids per the city purchasing policy. I am including a copy of our Investigative Summary regarding this matter, which you can review for more information.

If you have any questions or would like to provide further information, I can be reached at 573-751-4213 or mary.johnson@auditor.mo.gov.

Sincerely,

A handwritten signature in blue ink that reads "Mary Johnson".

Mary Johnson
Chief of Investigations



City of Malden

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Jeff Mitchell

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June 4, 2026

Mary Johnson, MBA, CFE

Chief of Investigations

Missouri State Auditor's Office

Dear Chief Johnson,

Thank you for conducting this investigation for us and we are looking forward to reviewing the completed report with the City Council. I would like to mention, since the phishing incident, we have included additional preventive measures in the process to reduce the possibility of a similar incident.

Respectfully,

Director Jeff Mitchell